SunPointe II Newsletter
Important Information about
2025 Monthly Assessments (Dues)

Dear Owners

SunPointe II HOA like many other HOA's in Colorado has experienced a dramatic increase in Annual Insurance Premiums. You may have seen News reports about HOA's experiencing 100 percent to in some cases 600 percent increases in insurance during the past couple of years.

SunPointe II's total insurance cost for the 2023/2024 year was $147,354.00.
The Board budgeted $163,600.00 for the budget year 2024 which with input from the Association's insurance agent, seemed like a sufficient increase to cover raising insurance costs.

However, insurance premium for the 2024/2025 year is $331,556. Well over a 100 percent increase.

To cover the cost this year the Board elected to take $100,000 out of the Reserve Fund and apply it to the premium and finance $70,000 over 10 months. This option avoided implementing a special assessment to cover the cost of insurance.

The Association has not had any claims for years. It is nothing the Association has done or not done to cause this increase. It is the state of insurance in Colorado and the United States.

Insurance companies continue to pay out more in claims than they take in in premiums. This is due to the increase in fires, hailstorms, tornados, hurricanes and floods across the United States.

Included with this letter is a letter from our insurance agent and a copy of an article about the raising cost in insurance.

This letter is also to inform owners that there will be a significant increase in monthly assessments for 2025. This increase will be the largest in the history of SunPointe II and will have a big impact on all of us.

The budget for Insurance in 2025 will be $375,000 plus any other increases in the budget that are needed to run the community.

For insurance alone this will be $211,400 increase in the budget. To cover this, increase each owner will see a $108.00 per month increase in assessments just for insurance.

Each owner can expect a $110.00 to $150.00 per month increase for the 2025 Budget year.

Just about every Condo, Townhome, Patio home and single-family home community is seeing this type of increase for insurance. Many Insurance companies are not writing coverage for larger HOA's.

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RESIDENTS OF SUNPOINTE II

The board and manager of Sunpointe II renewed the insurance for the association for 6/30/2024. This year was especially challenging as our current carrier, Berkley Insurance, non-renewed us. We had moved to Berkley last year after Great American had non-renewed us when they pulled out of Colorado. All other standard carriers approached would not quote our package policy due to the size of the community; specifically, 162 units in 31 buildings plus the clubhouse/pool house valued at $63,359,338.

Decisions by many carriers about pulling out of the State of Colorado, or not wanting to insure larger communities, comes after horrific property losses. In 2022, property carriers paid out 108% on claims over what they took in on premiums and in 2023 they paid out 106.2% on claims from what they took in for premiums.

We therefore are now in the excess markets for our property coverages. We were able to continue with our $25,000 property deductible and 5% wind/hail deductible which we had previously. We did have to layer the property insurance with the first $10 million being insured through Indian Harbor and the next $54,870,338 being insured through Scottsdale Insurance (limit includes personal property of the association and business income coverage in the event of a claim). The General Liability is through USLI and the D&O, crime, work comp, AD&D and umbrella policies continue with the same carriers as before. All carriers are rated A+. The annual cost of insurance for all policies for the association is now $327,223.50.

Make sure to review the certificate of insurance and insurance newsletter, which is posted on the association website, to confirm with your personal HO6 carrier that you are adequately insured for the items you are responsible to insure on the interior of the units, according to declarations, and to cover the association's declarations.

If you have any questions, you can reach Sunpointe II's insurance agent, Pat Wilderotter, CIRMS, at 720-212-2065.

America's home insurance crisis

Climate change is making storms and wildfires more intense, leading insurers to hike rates and drop out of risky markets.

How fast are rates rising?

The cost of insuring the average U.S. home has spiked nearly 38 percent since 2019, to $2,478 annually, according to a report by the broker LendingTree. That's the national picture, but the rises are steeper in areas hit hardest by climate and weather-related disasters. In hurricane-prone Florida, premiums climbed 42.5 percent over that period; in Arizona, 62.1 percent. One California resident who lives in the wildfire-scorched hills north of Sacramento saw her premium leap fivefold this year, from $3,531 to $19,310. The struggle to find affordable coverage is being made even harder by the exit of many providers from high-risk areas. Allstate paused sales of new homeowners policies in California in 2022, citing in part "more frequent and severe weather," and State Farm did the same last year. Similar pullouts are taking place in Florida—where the taxpayer-backed Citizens Property Insurance is now the state's largest insurer—as well as Illinois, Indiana, and Ohio. Those Midwestern states were once seen as havens from climate shocks but are now suffering more frequent and intense storms. "I believe we're marching toward an uninsurable future" in many places, said Dave Jones, head of the Climate Risk Initiative at the University of California, Berkeley's law school.

A wildfire rips through Chino Hills, Calif.

Why are insurers taking these steps?

Because they've been losing money for a decade. Home insurers paid out more in claims than they received in premiums in 18 states last year, up from 12 states in 2018 and eight states in 2013, a *New York Times* analysis found. Last year was the most painful for the industry since 2011, with home insurers losing more than $101 billion. Faced with worsening climate and weather disasters, the reinsurance policies that insurance firms buy to make sure they can cover such events have become more expensive. The Texas Windstorm Insurance Association, a high-risk insurer along the Gulf Coast, paid $206 million for reinsurance last year, a 63 percent jump from 2022. To cover those costs, insurers either have to hike rates or become much more selective about where they do business. "Climate change is real," said Bill Montgomery, CEO of Celina Insurance Group, which exited Iowa in 2022 after paying out $1.5 million more in losses than it took in premiums. "We can't raise rates fast enough or high enough."

Are other factors pushing up prices?

The spike in premiums is also partly a result of properties getting more expensive, because as home prices climb—they're up nationally about 28 percent since 2019—so does the cost to insure them. Then there's the effect of Covid-era inflation and supply chain disruptions, which helped drive up home rebuilding and replacement costs by 55 percent from 2020 to 2022, according to the Insurance Information Institute, resulting in bigger insurance payouts. The home insurance sector has weathered tough periods before—including sustained losses from 2008 to 2012—but experts say climate change has upended the industry's core financial model. That model was designed to balance good and bad years, but the bad now outnumber the good. Last year, the U.S. endured a record 28 climate and weather disasters that each caused at least $1 billion in damage; 2020 held the previous record at 22. In the 1980s, there were 33 such billion-dollar disasters over the entire decade.

What are the consequences of this turmoil?

For many homeowners, the result is economic hardship. Diana Troxell, 76, discovered last year that her insurer was not renewing the $1,910 policy on her manufactured home in rural Cottonwood, Calif., because of wildfire exposure. She and her husband now pay $6,660 annually through California's FAIR plan, an insurer of last resort. "We're in 'How are we going to do this?' mode," Troxell said. "We're living month to month." Some Americans who own their properties outright are bailing on insurance entirely—12 percent of homeowners were uninsured in 2022, up from 5 percent in 2019—while others are buying bare-bones plans that don't cover natural disasters. But going uninsured or underinsured carries immense risk. "It's very unrealistic for any homeowner to think they can pay for catastrophic losses out of pocket," said Mark Friedlander, of the Insurance Information Institute.

How insurers 'spy' on homes

As insurance companies try to "de-risk" their property portfolios, they're deploying an array of high-tech tools to decide which home policies to dump. Drones, manned airplanes, high-altitude balloons, and satellites fly over communities and take aerial photos, which are sorted by software that can red-flag underwriting risks such as overhanging tree branches, undeclared trampolines, and mossy roofs. Last fall, Nationwide dropped Rosemary Resler and her husband after 32 years, saying aerial images had revealed the 12-year-old roof on their North Carolina home was in "poor condition." "We were stunned," said Resler, who notes that an in-person inspection revealed the roof to be sound. "We'd been faithful customers, but there was no conversation." Such aerial surveillance is only going to intensify—the launch of new satellites should allow for images to be updated daily by 2030, said Neil Pearson, a consultant who works with imagery companies. "It could get interesting from a privacy standpoint [because] a property could be monitored daily at high resolution," Pearson said. "It is a bit Orwellian."

Can the insurance sector be stabilized?

The power to regulate insurers lies with states, which set maximum rate increases, the extent of coverage, and consumer protections. Some states like Louisiana and Washington are trying to make it easier for insurers to turn a profit—in a hope they won't exit the market—by accelerating the process by which they can raise premiums. Arkansas, meanwhile, recently let insurers increase the deductibles of people whose homes have been damaged by hail or storms. California, Minnesota, Georgia, and other states are trying to reduce potential losses by encouraging homeowners to make their properties more resilient—such as by installing fire- or storm-resistant roofs—and then requiring insurers to offer discounts to customers that take those steps. But some experts argue that in a warming world with more dangerous weather, part of the solution will have to involve reducing or even stopping development in areas that are most vulnerable to storms, wildfires, and rising seas. "There could be parts of states that are just not suitable for insurance," said George Hosfield of LexisNexis Risk Solutions, "because really they're not suitable for home building."

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